



**STATE OF ARIZONA**  
**DEPARTMENT OF INSURANCE**

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**CHARLES R. COHEN**  
Director of Insurance

**TO:** Arizona Accountable Health Plans

**FROM:** Charles R. Cohen  
Director

**DATE:** November 24, 1999

**RE:** Premier Healthcare – Transition of Enrollment

As you may know, on November 16, 1999, Premier Healthcare, Inc. d.b.a. Premier Healthcare of Arizona, Inc. (Premier) was declared insolvent and I was appointed its Receiver. As of that date, my receivership team took over management and control of Premier.

My immediate concern is to make a fast and orderly transition of Premier enrollees to other health insurance coverage. Many accountable health plans may already be participating in open enrollment. Arizona law, A.R.S. § 20-1069.01, requires any insurance carrier that participated in an employer's regular open enrollment period in which Premier also participated to offer Premier's enrollees a new 30-day open enrollment period commencing on November 16, 1999. Premier enrollees must be offered the same coverage and rates that had been previously offered, without any new waiting periods or pre-existing conditions, exclusions, limitations or restrictions.

Accountable Health Plans may also be contacted by Premier enrollees or their representatives seeking to transition from Premier to other plans. By law, Accountable Health Plans are required to issue a health benefits plan to any "small employer" (defined as employers with at least two but not more than 50 eligible employees on a typical day) who requests coverage. HMOs that are Accountable Health Plans are not required to offer coverage to groups that are not in their service area. Large and small employers that obtain a new plan within 63 days of termination of their Premier plan can not have new limitations or waiting periods for pre-existing conditions imposed and pregnancy cannot be treated as a pre-existing condition.

In accordance with Arizona law, Premier has a Plan for the Risk of Insolvency that should enable it to continue to provide health insurance coverage for at least another 60 days, and for hospitalized persons at least until they are discharged. Premier's Plan for the Risk of Insolvency is funded through reinsurance coverage from a sound and substantial reinsurer. However, there is a finite amount of reinsurance coverage

available. Whether that coverage is ultimately sufficient to finance the entire duration of the Plan for Risk of Insolvency depends largely on developments after November 16, 1999. It is important that we effectuate the reassignment of Premier's enrollees as expeditiously as possible.

Please take any and all appropriate action to facilitate and expedite the transfer of Premier enrollees to other plans by December 15, 1999. If you know that you are subject to the mandatory open enrollment provisions for certain groups, please contact them or their agent to ascertain the status of their enrollment and to assist in any appropriate way. The open enrollment statute is silent as to effective dates for new coverage. Please assign the earliest effective dates practicable, even if administrative processing under ordinary conditions would lead you to assign a later date.

The list of Arizona accountable health plans has been made available to Premier enrollees. Premier is experiencing a high volume of inquiries but will make its best efforts to accommodate requests for information necessary to facilitate the transfer of enrollees. To the extent possible, please first obtain necessary information from sources other than Premier, including agents, brokers or the enrollees themselves. If you have questions, please contact Premier at (602) 200-2423.

On behalf of the Arizona Department of Insurance, thank you for your attention and your anticipated cooperation.